

Message Text

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ACTION EUR-12

INFO OCT-01 EA-06 NEA-06 ISO-00 SAI-01 NIC-01 PA-01 PRS-01

USIA-06 SP-02 AID-05 EB-04 NSC-05 RSC-01 CIEP-01

TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00 COME-00

FRB-01 INR-05 NSAE-00 XMB-02 OPIC-03 LAB-01 SIL-01

H-01 AGR-05 DRC-01 /091 W

----- 042006

R 181438Z OCT 74

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 3617

INFO AMEMBASSY BELGRADE

USMISSION BERLIN

AMEMBASSY BONN

USMISSION EC BRUSSELS

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMCONSUL HONG KONG

AMEMBASSY LONDON

AMEMBASSY NATO

AMEMBASSY NEW DELHI

USMISSION OECD PARIS

AMEMBASSY PARIS

USLO PEKING

AMEMBASSY PROAGE

AMEMBASSY ROME

AMEMBASSY TLKYO

AMEMBASSY WARSAW

UNCLAS MOSCOW 15863

E.O. 11652: N/A

TAGS: ETRD ENRG EFIN UR

SUBJECT: FIRST SOVIET PRESS REPORT ON SOVIET FOREIGN

TRADE FOR FIRST HALF OF 1974

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REF: MOSCOW 5435

1. SUMMARY: SHORT ARTICLE IN SOVIET ECONOMIC PRESS GIVES VEILED BUT INTERESTING PICTURE OF SOVIET FOREIGN TRADE TRENDS DURING FIRST HALF OF 1974, THE FIRST OFFICIAL SOVIET INFO ON 1974 FOREIGN TRADE TO BE RELEASED SO FAR. EXPORTS AND IMPORTS TOTAL 17.8 BILLION RUBLES (DOLS 22.44 BILLION), 20 PERCENT INCREASE OVER FIRST HALF 1973. IMPORTANCE OF CEMA DEVELOPMENT PROJECTS IN USSR SAID TO CAUSE EXPANSION SOVIET TRADE WITH SOCIALIST COUNTRIES. INDIA, ALGERIA, EGYPT, IRAN, AFGHANISTAN CITED AS LEADERS IN EXPANDING TRADE WITH LDC'S. ALTHOUGH NO FIGURES GIVEN, TRADE WITH DEVELOPED CAPITALIST COUNTRIES "INCREASED SUBSTANTIALLY." EXPORTS OF COAL, OIL AND NATURAL GAS HAVE INCREASED WITH NEARLY TWO-THIRDS OF TOTAL GOING TO SOCIALIST COUNTRIES. SOVIET IMPORTS OF GRAIN, OIL SEEDS, SIMILAR FOOD PRODUCTS DECREASED "DUE TO FAVORABLE HARVEST" IN PAST YEAR. EMBASSY COMMENTS FOLLOW SEPTEL. END SUMMARY

2. ARTICLE IN OCT 14 ISSUE OF EKONOMICHESKAYA GAZETA PROVIDES FIRST OFFICIAL INFORMATION ON 1974 SOVIET FOREIGN TRADE TRENDS TO BE PUBLISHED THIS YEAR. RELATIVELY SHORT AND CONTAINING ONLY A MEAGER SUPPLY OF STATISTICS, IT IS NEVERTHELESS IMPORTANT AS EARLY BAROMETRIC READING ON WHAT WILL PROBABLY BE RECORD YEAR FOR SOVIET FOREIGN TRADE IN VALUE EXPORTS AND ON TRADE IN AGRICULTURAL PRODUCTS, INCLUDING GRAIN.

3. MAJOR POINTS:

A) OVERALL- TOTAL TURNOVER (EXPORTS PLUS IMPORTS) FOR FIRST SIX MONTHS IS 17.8 BILLION RUBLES (DOLS 22.44 BILLION AT CURRENT OFFICIAL EXCHANGE RATE). THIS IS CITED AS "A TWENTY PERCENT INCREASE," PRESUMABLY OVER FIGURES FOR FIRST HALF 1973. FIRST HALF 1974 FIGURES ARE ALSO SAID TO BE 6.3 BILLION RUBLES AND 55 PERCENT HIGHER THAN TRADE TURNOVER FOR FIRST SIX MONTHS OF 1971, FIRST YEAR OF CURRENT FIVE-YEAR PLAN.

B) TRADE WITH SOCIALIST COUNTRIES- NO TOTAL TURNOVER FIGURES GIVEN. SEVERAL PARAGRAPHS EMPHASIZE IMPORTANCE OF LARGE MULTILATERAL CEMA DEVELOPMENT PROJECTS IN WHICH CEMA COUNTRIES PROVIDING MACHINERY AND TECHNOLOGY FOR DEVELOPMENT.
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MENT ENERGY AND RAW MATERIAL SUPPLIES IN USSR AND WHICH ARE LEADING TO INCREASES IN THEIR TRADE WITH USSR. SPECIFICALLY MENTIONED WERE THREE PROJECTS LAUNCHED IN SPRING THIS YEAR: USSR - EASTERN EUROPE 750 KILOVOLT ELECTRIC TRANSMISSION LINE; LARGE METALLURGICAL COMPLEX WHICH INCLUDES KURSK; AND ORENGURG NATURAL GAS DEVELOPMENT, INCLUDING 2,750 KILOMETER PIPELINE WHICH WILL DELIVER 15.5 BILLION CUBIC METERS NATURAL GAS TO EE PARTICIPANTS.

C) DEVELOPING COUNTRIES- ESPECIALLY SIGNIFICANT GROWTH ACCOMPLISHED IN TRADE WITH INDIA, ALGERIA, ARAB

REPUBLIC EGYPT, IRAN, AFGHANISTAN.

D) DEVELOPED CAPITALIST COUNTRIES- NO FIGURES ON OVERALL TURNOVER GIVEN. MENTION MADE THAT TRADE SUBSTANTIALY EXPANDING. ALSO, THERE IS CONTINUED DEVELOPMENT OF BUSINESS COOPERATION THROUGH NEW, MORE PROGRESSIVE FORMS, INCLUDING LONG-TERM AGREEMENTS IN SUCH AREAS AS ECONOMICS, INDUSTRIAL PRODUCTION, SCIENCE, TECHNOLOGY, FINANCE AND LARGE-SCALE PROJECTS IN THE USSR.

E. EXPORT STRUCTURE- EXPORTS MACHINERY AND EQUIPMENT FIRST HALF 1974 UP 20 PERCENT OVER CORRESPONDING PERIOD 1973. EXPORTS OVER PREVIOUS PERIOD. OVERALL EXPORTS OF MINERAL FUELS (CLASSIFIED AS COAL, OIL, NATURAL GAS) HAVE INCREASED "IN FIRST HALF OF YEAR USSR SOLD ON WORLD MARKET 70 MILLION TONS OF ENERGY UNITS CALCULATED IN OIL EQUIVALENT." SOCIALIST COUNTRIES RECEIVED ALMOST TWO THIRDS OF ALL SOVIET FUEL EXPORTS DURING THE PERIOD. EXPORTS OF NON-FERROUS METALS INCREASED SIGNIFICANTLY, ESPECIALLY TO CAPITALIST COUNTRIES. EXPORT OF "VEGETAL RESOURCES" AND LIVESTOCK ALSO INCREASED, DUE TO IMPORTANT GAINS IN LIVESTOCK PRODUCTION AND ALSO MEASURES TO SPEED UP EXPORTS, JAPANESE CREDITS FOR DEVELOPMENT OF TIMBER INDUSTRY WERE IMPORTANT FACTOR.

F) IMPORT STRUCTURE- IMPORTS OF MACHINERY AND EQUIPMENT, MORE THAN 70 PERCENT FROM CEMA SECTOR, CONTINUED TO BE LEADING CATEGORY. IMPROVED CONDITIONS FOR SOVIET FOREIGN TRADE WITH MANY WESTERN COUNTRIES, AND ALSO DEVELOPMENT OF NEW FORMS OF ECONOMIC COOPERATION ALSO CONTRIBUTED TO THE INCREASE OF MACHINERY AND EQUIPMENT EXPORTS. IMPORTS OF VEGETAL RESOURCES--GRAIN, OIL SEEDS, VEGETABLE OIL AND SIMILAR PRODUCTS--DECREASED IN THE FIRST HALF OF 1974, DUE TO "FAVORABLE HARVEST IN OUR COUNTRY IN THE PAST YEAR." UNCLASSIFIED UNCLASSIFIED

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IMPORTS OF MANUFACTURED CONSUMER GOODS AND PREPARED FOODSTUFFS INCREASED IN ACCORDANCE WITH "CONSTANT CONCERN OF COMMUNIST PARTY OF SOVIET UNION AND SOVIET STATE REGARDING IMPROVEMENT OF SUPPLY TO POPULATION OF ALL TYPES OF GOODS."

4. EMBASSY COMMENTS FOLLOW SEPTEL.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, ECONOMIC DEVELOPMENT, ECONOMIC TRENDS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MOSCOW15863
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740298-0247
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741036/aaaabedb.tel
Line Count: 159
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: MOSCOW 5435
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 04 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 MAR 2002 by chappeld>; APPROVED <01 AUG 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FIRST SOVIET PRESS REPORT ON SOVIET FOREIGN TRADE FOR FIRST HALF OF 1974
TAGS: ETRD, ENRG, EFIN, UR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005